25X1

Cookie -
Hold pending receipt of
memo to hog.
AK

Billings 2 √ v.s. 2 2½

NOTES RE: PROPERTY - FOR DISCUSSION WITH [   ]   25X1

[   ]   25X1

July 6th

1. Since June 8th thru ~~June~~ 29th have paid [   ]

2. Now paying all bills upon receipt

3. According to agreement _with you_ this ~~was~~ to be thru June 30th

4. Applicability of "constructive" delivery concept for MILSTRIP & FEDSTRIP

5. Several discussions held with LOG [   ] :   25X1

6. Agreement in principle by all participants - without consideration of

   mechanical or procedure problems

7. "Constructive delivery" concept embraces both logistical and financial

   systems into a single system

8. Thru use of Accounts 606 and 607 management by exception is applicable to accep-

   tance of constructive delivery ~~concept~~ for automatic payment as bills are

   presented.

9. "Constructive delivery" concept requires burden of proof of delivery to be

   vested with "receiving" component (LOG). Any discrepancies would be formally

   presented to "Finance" by "receiving" component.

10. Why is this up for discussion at this time?

    a. In order to reply to LOG memo re payment procedures

    b. [   ] is applicable to LOG as well as to "Finance"   25X1

    c. That means that acquisition of property [   ] places   25X1

        responsibility on LOG to respond to non-delivery or other discrepancies

        in billings in a single Agency system

11. For years Finance has been striving to get LOG to use MILSTRIP & FEDSTRIP

    numbers as the reference in recording property acquisitions, to no avail.

    Only recently LOG [   ] agreed that LOG would verify receipt of   25X1

    material if Finance recording to Account 606 (expenditure) reflected

    MILSTRIP or FEDSTRIP numbers.

GROUP 1
Excluded from automatic
downgrading and
declassification

12. Agreement in principle are progress steps but procedural problems - machine techniques, etc. - are still to be overcome.

"Patch work" procedural changes permit:

    a. reflection of obligation reference (continue to use purchase order)

    b. reflection of order reference as MILSTRIP number

    c. acceptance of constructive delivery concept as basis for payment

13. <u>Recommendation</u>

Reply to LOG be along lines that Finance agrees with concept of payment upon presentation of billings, however, LOG must assume responsibility of verifying receipt of material in order to be compatible with concept they expressed.

14. Concurrent issue of combined Log and Finance instruction.